

PT Summarecon Agung Tbk.

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CREDIT PROFILE

Corporate Rating idA+/Negative

Rated Issues

Shelf Reg. Bond I/2013 idA+
Shelf Reg. Sukuk Ijarah I/2013 idA+(sy)
Shelf Reg. Bond II/2015 idA+

Rating Period

September 2, 2016 – September 1, 2017

Rating History

SEP 2015 idA+/Stable
AUG 2014 idA+/Stable
AUG 2013 idA+/Stable
MAY 2012 idA+/Stable
APR 2011 idA/Stable
APR 2010 idA/Stable
2007 - 2009 idA-/Stable
2006 idBBB+/Stable
2005 idBBB/Stable

FINANCIAL HIGHLIGHTS

As of/for the year ended

	Jun-2016 (Un-audited)	Dec-2015 (Audited)	Dec-2014 (Audited)	Dec-2013 (Audited)
Total Adjusted Assets [IDR Bn]	19,751.2	18,758.3	15,872.7	14,255.0
Total Adjusted Debt [IDR Bn]	6,984.7	6,197.8	4,382.5	2,501.5
Total Adjusted Equity [IDR Bn]	7,585.2	7,529.7	6,416.5	4,997.7
Total Sales [IDR Bn]	2,317.5	5,623.6	5,757.0	4,548.5
EBITDA [IDR Bn]	658.6	2,008.6	2,285.7	1,788.3
Net Income after MI [IDR Bn]	24.5	855.2	1,384.7	1,089.3
EBITDA Margin [%]	28.4	35.7	39.7	39.3
Adjusted Debt/EBITDA [X]	*5.3	3.1	1.9	1.4
Adjusted Debt/Adjusted Equity [X]	0.9	0.8	0.7	0.5
FFO/Adjusted Debt [%]	*5.7	20.2	40.6	60.2
EBITDA/IFCCI [X]	1.8	3.9	6.9	9.3
USD Exchange Rate [IDR/USD]	13,180	13,795	12,440	12,189

FFO = EBITDA – IFCCI + Interest Income – Current Tax Expense

EBITDA = Operating Profit + Depreciation Expense + Amortization Expense

IFCCI = Gross Interest Expense + Other Financial Charges + Capitalized Interest; (FX Loss not included)

*MI = Minority Interest *Annualized*

The above ratios have been computed based on information from the company and published accounts. Where applicable, some items have been reclassified according to PEFINDO's definitions.

PEFINDO has revised the outlook for PT Summarecon Agung Tbk to “negative”

PEFINDO has revised the outlook for the corporate rating of PT Summarecon Agung Tbk (SMRA) to “**negative**” from “**stable**”. The negative outlook was assigned to anticipate a slower than expected recovery on its financial performance resulting from lower revenue recognition of property development. This was due to soft property market that pushed back the demand for property. Lower than-anticipated revenue has also translated into somewhat weaker financial performance of the Company since the end of 2015. PEFINDO has affirmed the ratings for SMRA, its shelf registered Bond I/2013, and shelf registered Bond II/2015 at “**idA+**”, while the rating for the Company’s Sukuk Ijarah I/2013 has been affirmed at “**idA+(sy)**”.

An obligor rated idA indicates that, the obligor has a strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, the obligor is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated obligors.

The Plus (+) sign in a particular rating indicates that the rating is relatively strong within the respective rating category.

Suffix (sy) means the rating mandates Islamic principles compliant.

The ratings reflect SMRA’s strong position in the property industry, good asset quality, and adequate recurring income. However, the ratings are constrained by moderate capital structure and average cash flow protection, risk of new projects in new areas, and the characteristic of property industry which is sensitive to changes in macroeconomic condition.

The ratings could be lowered if the Company’s financial performance improvement is below our expectation as a result of weak property sales and slower construction progress. The ratings could also be under pressure if additional debt exceeds projection resulting in an aggressive capital structure in the upcoming quarters with Debt/EBITDA ratio at more than 4.0x. The outlook could be revised to stable if the Company improves its capital structure and cash flow protection measures on a sustainable basis.

SMRA is engaged in the property business and is divided into three divisions: property development, investment property, and leisure and hospitality. Its main property projects are in Kelapa Gading, Serpong, Bekasi and Bandung. As of June 30, 2016, its shareholders were PT Semarop Agung (25.43%), PT Sinarmegah Jayasentosa (6.60%), Harto Djojo Nagaria (0.28%), BNYM S/A Stichting Dep APG STR Real Est. Pool-2039924167 (5,61%), and the public (62.08%).

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